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RUEHLB/AMEMBASSY BEIRUT PRIORITY 4542  
RUEHEG/AMEMBASSY CAIRO PRIORITY 2915  
RUEHDM/AMEMBASSY DAMASCUS PRIORITY 5305  
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RUEHFR/AMEMBASSY PARIS PRIORITY 0386  
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RUEHRO/AMEMBASSY ROME PRIORITY 6613  
RUEHRH/AMEMBASSY RIYADH PRIORITY 1540  
RUEHTU/AMEMBASSY TUNIS PRIORITY 5626  
RUCNDT/USMISSION USUN NEW YORK PRIORITY 7601  
RUEHJI/AMCONSUL JEDDAH PRIORITY 0454  
RUEHJM/AMCONSUL JERUSALEM PRIORITY 0659  
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RHMFISS/COMSOCEUR VAIHINGEN GE PRIORITY  
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SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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1. Mideast
2. U.S. Elections

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Key stories in the media:  
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Israel Radio reported this morning that Shas spiritual leader Rabbi  
Ovadia Yosef held a telephone consultation with the Council of Torah  
Sages and nixed the party's entrance into a coalition led by

PM-designate Tzipi Livni. All media had quoted Livni as saying yesterday that Kadima has made its final offer to Shas. She added that she would tell President Shimon Peres on Sunday whether she would bring a government to the Knesset for approval or give up on her coalition talks and send the country toward general elections. However, Maariv reported that Kadima and Shas have expressed willingness to compromise.

HaQaretz reported that yesterday in Sharm el-Sheikh, Egyptian President Hosni Mubarak dismissed a claim that Egypt is responsible for the failure of efforts to release Gilad Shalit. At a press conference with President Peres, Mubarak said that if there is a failure, it is the Qother sideQs.Q He did not elaborate. HaQaretz reported that the French authorities told Noam Shalit this week that his son Gilad has received his letter.

HaQaretz reported that two wooden houses were erected Wednesday night on the ruins of Homesh, one of four northern West Bank settlements evacuated during the August 2005 disengagement. The newspaper reported that the IDF promptly pulled them down.

All media reported that an 86-year-old Jerusalem man died yesterday from wounds sustained from a stabbing by a Palestinian man in the Gilo neighborhood.

HaQaretz reported that Vatican officials are furious over Minister Isaac HerzogQs statement in yesterdayQs HaQaretz that the planned beatification of Pope Pius XII, who headed the Catholic Church at the time of the Holocaust, is Qunacceptable. The Jerusalem Post cited a World Bank report published on Thursday, according to which the price of property in the West Bank is skyrocketing beyond the reach of most local business and home-seekers, pushed up by a weak dollar and Israeli control of large chunks of the territory.

Yediot reported that an Israeli businessman was kidnapped in Ghana a few days ago. His abductors are demanding hundreds of thousands of dollars in ransom.

Makor Rishon-Hatzofe reported that tomorrow IDF Radio is expected to broadcast an interview with draft evasion leader Yishai Menuchin, in contrast to the view of IDF Chief-of-Staff Lt. Gen. Gabi Ashkenazi.

Oslo Agreement architect Uri Savir told HaQaretz that Benjamin Netanyahu had sent him on peace missions with the Palestinians.

In an interview with HaQaretz, former U.S. Mideast envoy Dennis Ross commented about U.S. contacts with Iran: QThereQs no guarantee that if you talk youQll succeed, but if you donQt talk you will fail.

Leading media reported that a Swedish-based locksmith company that operates a factory in the West BankQs Barkan Industrial Park announced this week that it was relocating to the Israeli side of the Green Line for political reasons. The company is the major producer of locks in Israel.

Prominent American intellectuals, such as Naomi Wolfe, Francis Fukuyama, Fareed Zakaria, and Noam Chomsky, were quoted by HaQaretz on the eve of the elections and recount the Qend of the empire. All mainstream media reported that a family of four was found dead in their Hod Hasharon apartment on Thursday morning, apparently after the father shot his wife and two small children and then turned the gun on himself. The parents were long-time police officers.

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1. Mideast:  
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Summary:  
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The conservative, independent Jerusalem Post editorialized: QLast week's Economist wondered: QWill the settlers stymie a two-state solution?Q Of course it is Palestinian intransigence that is torpedoing such a solution. But with everyone focused on settlers behaving badly, the Palestinians are getting a free ride.

Former ambassador to Egypt and Sweden, columnist Zvi Mazel, wrote in the nationalist, Orthodox Makor Rishon-Hatzofe: QIt is impossible to ignore the fact that IsraelQs leaders appear to be considering a significant change in IsraelQs peace strategy, which would spell disaster unless it turns out that it involves weighty reasons.

Block Quotes:  
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#### I. "Herzl vs. Hobbes"

The conservative, independent Jerusalem Post editorialized (10/24): QMove over, Peace Now. You've met your match. No group could better undermine the case for Jewish rights in the West Bank than settler radicals. In a world predisposed to see all of Judea and Samaria [i.e. the West Bank], and East Jerusalem, as Palestinian; at a time when our government, such as it is, remains incapable of articulating where our boundaries should be drawn -- Israel can ill afford settlers behaving badly. Settler leaders recently launched an advertising campaign to tell Israelis why we should feel connected to Judea and Samaria. But radicals running wild in the hills of Judea and Samaria achieve the opposite. How sad that a relatively small group of fanatics has been able to divert the spotlight onto their misbehavior. As he helped pick olives north of Ramallah on Wednesday, reporters in tow, Palestinian Authority Prime Minister Salam Fayyad declared, in a sly juxtaposition: QThe settlers being here [in the West Bank] is in itself illegitimate. And, on top of that, they engage in acts of violence...Q Meanwhile, in its long tradition of loaded questions, last week's Economist wondered: QWill the settlers stymie a two-state solution?Q Of course it is Palestinian intransigence that is torpedoing such a solution. But with everyone focused on settlers behaving badly, the Palestinians are getting a free ride.

#### II. "Has the Saudi Initiative Come Alive?"

Former ambassador to Egypt and Sweden, columnist Zvi Mazel, wrote in the nationalist, Orthodox Makor Rishon-Hatzofe (10/24): QAre we about to face a significant change in IsraelQs negotiating with the Palestinians and the Arab states? Israeli President Shimon Peres left for Sharm el-Sheikh yesterday to present to President Mubarak IsraelQs willingness to check whether it is possible to push the Saudi/Arab peace initiative with Israel forward and to hear its view. Where does this haste to lay the burden of this mission on President Peres come from? He has no decision-making authority. And actually at this time? In this interim period this is not clear. Is it an admission of failure of the Annapolis process, and of indirect negotiations with Syria?.... It is impossible to ignore the fact that IsraelQs leaders appear to be considering a significant change in IsraelQs peace strategy, which would spell disaster unless it turns out that it involves weighty reasons.

#### 12. U.S. Elections:

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Summary:  
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Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning Ha'aretz: QObama's charisma alone is not sufficient to resolve the Israeli-Arab conflict, and McCain will be extremely wary of opening a third front in the Middle East, after Afghanistan and Iraq.

Deputy Managing Editor and right-wing columnist Caroline B. Glick wrote in the conservative, independent Jerusalem Post: QThe prospect of an Obama-Livni partnership in policy failure is enough to keep men and women of good faith up at night. Certainly it should suffice to convince some Obama supporters to reconsider their options.

Block Quotes:  
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#### I. "Election Limbo"

Diplomatic correspondent Aluf Benn wrote in the independent,

left-leaning Ha'aretz (10/24): QObama has become the peace messiah of the Israeli left, just as the Jewish right in the U.S. is hoping that McCain will attack Iran and foil a second Holocaust. Both the left and the right sides are in for a disappointment, however: Obama's charisma alone is not sufficient to resolve the Israeli-Arab conflict, and McCain will be extremely wary of opening a third front in the Middle East, after Afghanistan and Iraq.... Presidents behave differently than candidates. Obama or McCain will work to advance America's interests, and the Israeli leadership's job will be not to stand in their way, and to take advantage of opportunities that will benefit Israel.

## II. "Testing ObamaQs MettleQ"

Deputy Managing Editor and right-wing columnist Caroline B. Glick wrote in the conservative, independent Jerusalem Post (10/24): QLike Obama and Olmert, Livni is perceived as weak and incompetent by IsraelQs enemies. Unlike Obama, Livni is judged not only by her words, but by her deeds. As foreign minister, Livni was an architect of the cease-fire with Hizbullah under which Hizbullah has taken control of Lebanon and rearmed. She is an architect of IsraelQs current policy of expanding the Hamas terror state to Judea, Samaria [i.e. the West Bank], and Jerusalem. She is an architect of IsraelQs policy of doing nothing to prevent Iran from acquiring nuclear weapons. The prospect of an Obama-Livni partnership in policy failure is enough to keep men and women of good faith up at night. Certainly it should suffice to convince some Obama supporters to reconsider their options.

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